

Notice

Notice Number: 93-04
Tax Type: Kansas Retailers' Sales Tax
Brief Description: Body and Repair Shops
Keywords:
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Body:

NOTICE 93-4

TO: Automotive Wholesalers, Jobbers, Automobile Dealerships, Paint, Body & Repair Shops

FROM: Kansas Department of Revenue

RE: Consumables v. Non-consumables

DATE: November 15, 1993

The Kansas Department of Revenue has been asked to identify when charges for sales of tangible personal property to automobile dealerships, paint, body, and repair shops are exempt from sales tax.

K. S. A. 79-3606(n) exempts from sales tax: "all sales of tangible personal property which is consumed in the production, manufacture, processing, mining, drilling, refining or compounding of tangible personal property, the providing of services or the irrigation of crops for ultimate sale at retail within or without the state of Kansas."

The following purchases of tangible personal property are generally exempt under K.S.A. 79-3606(n) when the purchases are consumed in the providing of a taxable service:

- + sand paper + masking tape
- + masking paper/plastic + rubbing compound
- + emery cloth + thinners
- + soaps and degreasers + windshield cleaner
- + steel wool + tac rags

K.S.A. 79-3606(m) exempts from sales tax: "all sales of tangible personal property which become an ingredient or component part of tangible personal property or services produced, manufactured or compounded for ultimate sale at retail within or without the state of Kansas."

The following purchases of tangible personal property by automobile dealerships, paint, body, and repair shops are generally exempt under K.S.A. 79-3606(m) or as purchases for resale:

- + spark plugs + sealant
- + automobile lubricants + gasket seal
- + electrical wire for automobile repair + anti-freeze for automobile repair
- + light bulbs for automobiles + body fillers
- + paints + automobile polish/wax
- + upholstery cleaner + mastics
- + factory and/or aftermarket parts + air fresheners for automobiles
- + dressings and dyes

The automobile dealerships, paint, body, and repair shops should collect sales tax on these items when they invoice their customer for the sale of the item or when the item is included as part of a service charge.

The lists provided contain only examples of sales of tangible personal property to automobile dealerships, paint, body, and repair shops that are generally exempt from sales tax. These examples are not all-inclusive but should be merely used as a guide. Additionally, when automobile dealerships, paint, body, and repair shops remove material from inventory for use in

repairing their own vehicles which are not held for resale, the appropriate Kansas sales tax(es) shall be accrued and remitted to the state of Kansas on the cost of the materials.

The Kansas sales tax is due on all retail sales of tangible personal property taxable under the Kansas Retailers' Sales Tax Act, (hereinafter referred to as the Act). For the privilege of engaging in the business of selling tangible personal property at retail in the state of Kansas, each and every retailer shall have the duty to collect from the final consumer or user, the full amount of the tax imposed by the Act, unless the purchaser is specifically exempt from taxation under the Act.

Firms engaged in the repair, rebuilding or repainting of automobiles are the final consumer or user of the following:

- | | | |
|----------------------|-------------------------------|----------------|
| + floor sweep | + shop cleaning supplies | + tools |
| + car wash machines | + air filters for equipment | + hoses |
| + pad washers | + electric extension cords | + brooms |
| + mops | + disposable masks | + gloves |
| + buckets | + paper/plastic seat covers | + ropes |
| + paint strainers | + cloth/paper towels and rags | + chamois |
| + building materials | + sales and/or bid sheets | + work clothes |
| + razor blades | + pens, pencils, stationery | + brushes |
| + electric polishers | + polishing pads | + metal disks |
| + vacuums | + metal files | + drill bits |
| + chains | + paint cans | + drop cloths |
| + wheel covers | | |

Therefore, they must pay the appropriate Kansas sales/use tax at the time of purchase. The list provided contains only examples of sales of tangible personal property to automobile dealerships, paint, body, and repair shops that are generally subject to sales tax. These examples are not all-inclusive but should be merely used as a guide.

Automobile dealerships, paint, body, and repair shops that buy items such as tools, work clothes and work shoes that are purchased for resale to the ultimate consumer may purchase the items of tangible personal property exempt from sales tax. However, the automobile dealerships, paint, body, and repair shops are obligated to collect and remit the appropriate amount of Kansas sales tax(es) on the gross receipts from these respective items.

This Revenue Notice supersedes all previous Department of Revenue rulings and opinions on this subject, and shall become effective upon its publication in the Kansas Register.

Should you have further questions in this area, you may contact the Kansas Department of Revenue, Taxpayer Assistance Bureau, Topeka, Kansas, 66625 or call (913) 296-0222.

Date Composed: 10/02/1997 Date Modified: 10/10/2001

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